
**Community & Economic Development &
Trade Committee**

HB 1290

Brief Description: Concerning local tourism promotion areas.

Sponsors: Representatives Maxwell, Rodne, Kenney, Green, Clibborn, Lias, Anderson and Hunter.

Brief Summary of Bill

- Removes the restriction on forming tourism promotion areas in a county with a population exceeding one million.
- Provides a process for exempting an existing lodging facility in such a county from the tourism promotion charge.
- Exempts a new lodging facility from the tourism promotion charge in a county with a population of at least one million five hundred thousand.
- Provides a process for including a new lodging facility in such a county in the tourism promotion charge.

Hearing Date: 1/29/09

Staff: Meg Van Schoorl (786-7105)

Background:

The establishment of local tourism promotion areas was first authorized in 2003 for those counties with populations between 40,000 and one million. The process begins when an initiation petition is presented to the legislative authority having jurisdiction over the location of the proposed tourism promotion area. The initiation petition must describe the area's boundaries, the proposed uses and projects to which the revenues from the charge will be put, and the total estimated costs. The initiation petition must also estimate the rate for the charge, propose a breakdown by class of lodging businesses, and provide signatures of persons who operate

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lodging businesses in the proposed area who would pay 60 percent or more of the charges.

After receiving a valid initiation petition, the legislative authority must adopt a resolution stating its intention to establish an area. It must hold a public hearing. The legislative authority may then adopt an ordinance to establish a tourism promotion area. The legislative authority can impose a charge not to exceed \$2 per night on persons who are taxable under the retail sales tax. The legislative authority can create up to six different classifications for lodging businesses, depending upon the number of rooms, room revenue, and location. The charge applies only at lodging businesses having at least 40 rooms.

The lodging businesses collect the charges and remit them to the Department of Revenue which deposits the revenues into the Local Tourism Promotion Account (Account) in the State Treasury. The state treasurer distributes money in the Account on a monthly basis to the legislative authority on whose behalf the money was collected.

According to the Department of Revenue, as of January 2009, areas within Benton, Chelan, Clark, Franklin, Spokane and Yakima counties are imposing tourism promotion area charges ranging from fifty cents to two dollars.

There is no provision for establishing a tourism promotion area in a county with a population greater than one million or smaller than 40,000. According to the Office of Financial Management, as of April 2008, there is one county whose population exceeds one million and 15 counties with populations less than 40,000.

Tourism promotion includes activities and expenditures designed to increase tourism and convention business. Activities include advertising, publicizing or distributing information in order to attract tourists, and operating tourism destination marketing organizations.

Summary of Bill:

The restriction on forming tourism promotion areas in a county with a population above one million is removed. For the purposes of this bill, the legislative authority for such a county is defined as two or more jurisdictions acting under an inter-local agreement to jointly establish and operate a tourism promotion area.

For counties above one million in population, a lodging business that is located within a proposed tourism promotion area and requests an exemption from the charge from the legislative authority on or before the hearing date will be exempt. If such a request is made, then the legislative authority must make one of the six classifications an exempt classification, with a zero charge rate. In an ordinance that establishes a tourism promotion area, the legislative authority must, in addition to other information, include the name of lodging businesses submitting exemption requests.

In a county with a population of 1.5 million or more, a new lodging facility located within a tourism promotion area is exempt from the charge unless it petitions the legislative authority to be included. "New lodging facility" is defined as a recently constructed lodging facility issued an occupancy certificate on or after the effective date of this act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.